**Approved by**

**Supervisory Board**

**of JSC “PIRAEUS BANK ICB”**

**the MINUTES No. 21\_19**

**from 30.08.2019**

**The tender procedure for the selection of audit firms,**

**that can be assigned**

**to provide statutory financial reporting audit services**

**of PIRAEUS BANK ICB JSC.**

1. **General provisions**
   1. This tender procedure for the selection of audit firms that can be assigned to provide statutory financial reporting audit services of PIRAEUS BANK ICB JSC (hereinafter referred to as - Procedure) was developed for the implementation of the Law of Ukraine "On Audit of Financial Statements and Auditing Activities" "No.2258-VIII dated 21.12.2017 (hereinafter - the Law on Audit), Resolution of the Board of the National Bank of Ukraine dated August 02, 2018 No. 90 "On approval of the Regulation on the procedure for submission by the banks to the National Bank of Ukraine of the audit report based on the results of the annual audit of the financial statements" and Resolution of the Board of the National Bank of Ukraine dated August 02, 2018 No. 89 "On approval of the Regulation on the procedure for rejection (removal) by the National Bank of Ukraine of an audit firm selected by the bank for external audit. "
   2. This Procedure defines the procedure for holding by PIRAEUS BANK ICB JOINT STOCK COMPANY (hereinafter referred to as the Bank) a tender procedure by the Bank for selection of audit firms to provide statutory financial reporting audit services (hereinafter referred to as the Tender) and determines the selection criteria by the Bank for auditing to provide services for the statutory audit of the Bank's financial statements.
   3. The Tender Committee of the Bank is responsible for holding the Tender.
   4. The definitions of terms used in this Procedure are applied in accordance with the Law on Audit. The term "public interest entities" is used in the sense set out in the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".
2. **The Tender procedure.**

2.1. The basis for announcing the Tender is the decision of the Supervisory Board of the Bank.

2.2. The Tender is conducted in the following stages:

1) taking decision on the announcement of the Tender and approving the text of the announcement of the Tender;

2) publication of the announcement of the Tender on the Bank's official website;

3) acceptance of documents from audit firms wishing to participate in the Tender;

4) verification of the submitted documents and audit firms for compliance with the established requirements and criteria of the Bank;

5) summarizing the results of the Tender and determining the winners in the amount necessary to submit recommendations to the authorized body of the Bank;

6) notification of audit firms about the results of the Tender.

2.3. Audit firms that have expressed a desire to participate in the Tender can obtain on the Bank's official website at: http://piraeusbank.ua the tender documentation, which discloses information about the Bank's activities and contains tasks for the audit of financial statements.

2.4. The list of documents for participation in the Tender and the way of their submission by the audit firms are determined by the Supervisory Board of the bank and are indicated in the announcement of the Tender.

2.5. Notification on the results of the Tender to the audit firm may be made by one of the available methods selected by such entity, including in writing, in electronic form.

2.6. The Tender Committee of the Bank evaluates the competitive offers submitted by the audit firms according to the established selection criteria and makes a report on the conclusions of the selection procedure in the free format. The results of the quality control of the services provided by the auditing firms participating in the Tender are taken into account. The total term for the consideration and evaluation of the offers and the submission of a report on the conclusions of the selection procedure shall not exceed 10 (ten) working days after last day for providing tender proposals.

2.7. Based on the results of the Tender, the Bank’s Tender Committee makes justified recommendations for the appointment of an audit firm to provide statutory audit services, which must include at least two proposals for the selection of audit firms to provide a statutory audit of the Bank's financial statements. According to the later prepared recommendations for the Supervisory Board of the Bank on the appointment of an audit firm to provide statutory financial reporting audit services, which should include Tender Committee recommendations, as well as sound recommendations for the choice of one audit firm.

2.8. The Supervisory Board of the Bank appoints the Audit Firm to provide statutory audit services to the Bank's financial statements.

2.9. The Bank may cancel the tender at any stage or declare it a failure, on the following grounds:

- rejection of all offers;

- submission of less than two competitive offers.

1. **Criteria for the selection of an Audit Firm to provide a statutory audit of the Bank's financial statements.**

3.1. In the Tender may participate audit firms that meet the requirements set out in the Law on Audit and additional criteria of the Bank, namely:

* The audit firm is included in the relevant section of the Register of Auditors and Audit Entities "Audit Entities entitled to Statutory Audit of the Financial Reporting of Companies of Public Interest" and whose activities comply with the requirements of the Law on Audit;
* Experience of audit firm in the field of audit of financial statements of banks in the Ukrainian market.
* Professional experience of auditors, the presence of valid certificates of professional organizations from auditors, which confirm the high level of knowledge of the International Financial Reporting Standards.
* Good reputation of the firm, absence of facts of violation of the legislation of Ukraine, International standards of audit or professional ethics of auditors.
* No conflict of interest, which may adversely affect the auditor's objectivity.
* For the previous annual reporting period, the amount of remuneration from each of the public interest entities that were provided with the statutory audit of the financial statements during that period did not exceed 15% of the entity's total revenue from the audit services;
* The audit firm has no restrictions related to the length of time it has provided services to the Bank;
* At least five auditors with a total number of full-time qualified employees involved in the tasks must work at the principal place of work, at least 10 persons, of whom at least two must certify qualifications in accordance with Article 19 of the Audit Law.
* Cost of audit services.

3.2. The requirements and criteria for attracting audit firms are specified in the announcement of the Tender or in the tender documentation.

1. **Final Provisions.**

4.1. This Procedure shall enter into force from the moment of its approval by the decision of the Supervisory Board of the Bank and shall be effective until its cancellation or adoption of a new internal document regulating similar issues, in the manner established by the statute, internal documents of the Bank and the current legislation of Ukraine.

4.2. In case any part of the Procedure does not comply with the legislation of Ukraine, including in connection with the adoption of new normative legal acts or improvement of the existing ones, the Procedure will only act in the part that does not contradict the legislation of Ukraine.

4.3. The document is reviewed in case of changes in the legislation or changes in the Bank's criteria / procedures. The changes are approved by the decision of the Supervisory Board of the Bank.